

Strong Utah Economic Growth Raised Household Incomes

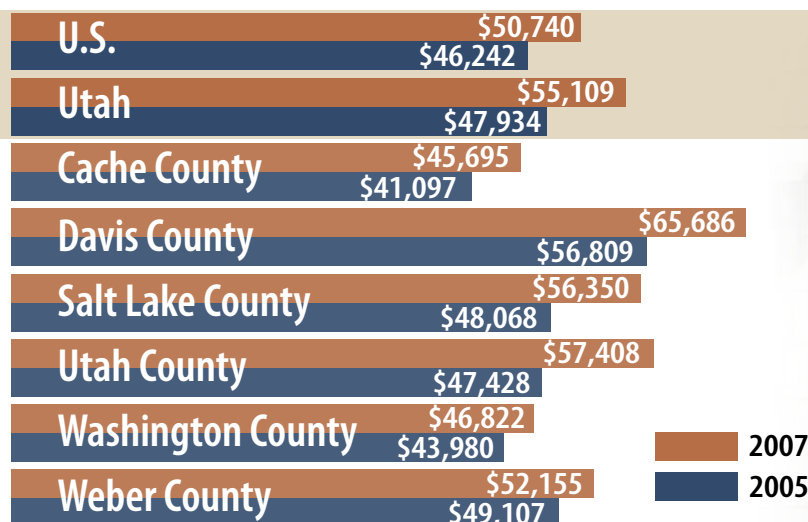
Every year Census personnel collect information from almost 15,000 households statewide in Utah.

The last three years, 2005 through 2007, have been very positive for the Utah economy—characterized by strong employment growth and low unemployment. In fact, for 2006—the most robust year of this expansion—statewide nonfarm payroll employment increased by almost six percent and the unemployment rate dipped to an unprecedented low rate of 2.9 percent for the year.

When the economy expands robustly, jobs are plentiful and unemployment is low, one question of interest is—does this translate into household income increases?

Since 2005, the Census Bureau has been releasing a host of new annual estimates of demographic, social, and economic data from the relatively new American Community Survey (ACS) for

Median Household Income: 2005 and 2007



Utah and its six largest counties (those with populations of 65,000 inhabitants or more). Each year as part of the ACS, Census personnel have been collecting information from almost 15,000 households statewide in Utah. Sample sizes are reasonably large in six of Utah's counties, to make relatively reliable estimates.

Results from ACS show that median household income in Utah increased 15.0 percent, from \$47,934 in 2005 to \$55,109 in 2007. During this same two-year period the Consumer Price Index increased by 6.1 percent. Nationally, median household income grew by 9.7 percent from \$46,242 in 2005 to \$50,740 in 2007. Recall that the median is the value that separates a series of numbers in half—the middle. Median household income is the income value for which one-half of the households


have more income than the middle figure and one-half of the households have less income.

Utah's three most populous counties—Salt Lake, Utah, and Davis—exhibited phenomenal median household income growth of 17.2 percent, 21.0 percent, and 15.6 percent respectively. Davis County also had the highest median household income in 2007, of \$65,686, among Utah's six largest counties.

From the 2007 survey, the Census Bureau also published a summary measure of income inequality, the Gini index. It indicates how much the income distribution differs from one where every household had the same income. The Gini index can vary from 0 to 1, where 0 indicates perfect equality—every household has the

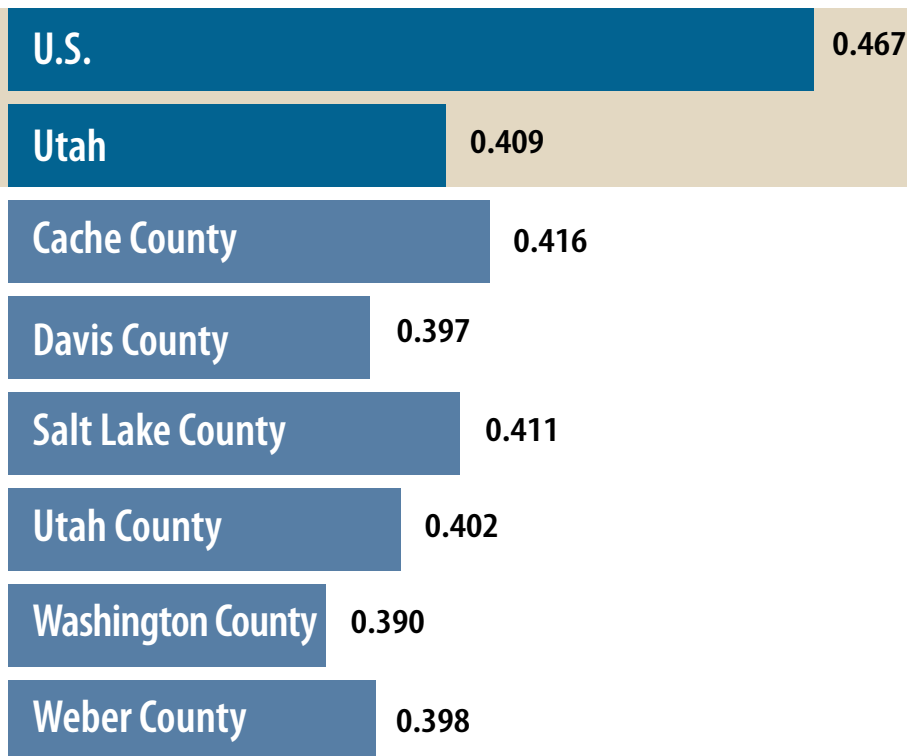
same income, and 1 indicates perfect inequality—one household has all the income and all other households have none.

For the 50 states, the 2007 household income Gini index range from the least inequality measure of 0.409 for Alaska and Utah, to a measure of 0.500 for New York having the most inequality of household income distribution.

The strong economic expansion in Utah from 2005 to 2007 seems to have had the desired effect for Utah households, raising incomes faster than the rate of inflation. In addition, Utah is tied with Alaska in 2007 as the states with the most equal distribution of household income. 

Household Income Gini Index in 2007

The Gini index is a summary measure of income inequality.



Source: U.S. Census Bureau, American Community Survey.